

# NORTH CAROLINA'S NEW SMALL BUSINESS PLAN:

# A PATHWAY TO PROSPERITY FOR ALL



## RURAL COUNTS

THE ADVOCACY PROGRAM OF THE NC RURAL CENTER

**North Carolina's New Small Business Plan** was developed and vetted by the NC Rural Center's Small Business Policy Task Force (SBPTF) and its advisors, which include a seasoned cadre of business leaders, resource-providers, policymakers, advocates, and entrepreneurs from across the state. The SBPTF has tailored the Ewing Marion Kauffman Foundation's America's New Business Plan to North Carolina's specific needs. Leading with an equity-based, asset-focused, and data-driven approach, the SBPTF has developed an actionable policy agenda to advance the interests and goals of small-business owners across North Carolina to meet both short-term and long-term needs of North Carolina entrepreneurs and small-business owners, organized into four categories:

### Funding

Equal access to the right kind of capital everywhere.



### Knowledge

The know-how to start a business.



### Support

The ability for all to take risks.



### Opportunity

An equitable, level playing field with less red tape.



## FUNDING...

*Creating equity in attaining the capital needed to start, sustain, and grow a business.*

- Enact the North Carolina Small Business Truth in Financing Act to promote transparency in non-bank lending at the state level, especially during times of natural disasters and other crises (i.e., financial technology).
- Expand access to capital by acknowledging the need to subsidize the smallest loans. Target subsidy to community banks, credit unions, and Community Development Financial Institutions (CDFIs), with a special focus on underserved and rural areas.
- Sustain funding to strengthen and expand the capacity of CDFIs across the state. This will help to ensure more historically underutilized businesses (HUB) and low-to-moderate income small-business owners can access capital at both the startup and growth phases.
- Sustain funding to the One North Carolina Small Business (ONCSB) Program to spur additional small business formation and growth for rural businesses and increase the diversity of participation in small businesses.
- Study the establishment of a clear, consistent definition of a small business based on (1) a small business (e.g., <150 employees) and (2) a microbusiness (e.g., <10 employees) to better target resources including incentives, contracting with the government, and accessing general tools that can help them compete with larger corporations. The Small Business Administration's definition of a small business (<500 employees) is inadequate for development purposes. Such a study should consider the creation of tiered adjunct qualifiers that considers firm age, annual revenues, and industry profit margin to create a more comprehensive definition.
- Ensure all state business incentive programs are accessible to, and have carve outs for, small- and micro-businesses (as defined above) and HUB to assist entrepreneurship efforts and/or small business formation, especially in rural areas of the state (i.e., Job Development Investment Grant (JDIG)).

## KNOWLEDGE...

*Coordinating and leveraging the existing small business support ecosystem to help small business owners more easily navigate statutes and regulations and learn about business development plans, models, strategies, and more*

- Explore opportunities to expand and grow University-based entrepreneurship mentoring programs across the state (i.e. the East Carolina University College of Business' Accelerate Rural North Carolina program) for emerging entrepreneurs across Eastern North Carolina.
- Appropriate \$3 million to establish and operate a state Ombudsman Office and Regional Network in each Economic Development Partnership region to serve as an intermediary regulatory entity to proactively connect and troubleshoot with small businesses, local authorities, and other support entities on compliance challenges to eliminate unnecessary and burdensome regulations, direct and guide small business owners to help navigate administrative requirements, and advocate for improvements that make regulatory navigation easier.
- Support and fund the existing small business support ecosystem partners, such as the Small Business Technology Development Centers (SBTDCs), to keep up with increasing demand to assist new and existing small business owners and entrepreneurs with technical assistance, coaching, resources, and expert guidance.
- Support the operation of the NC business One-Stop-Shop Portal, an online, centralized resource portal to help small-business owners and support entities navigate a wide array of government, public and private resources to better coordinate service delivery.
- Increase state funding for the Career and Technical Education program to support expansion of the entrepreneurship curriculum at area elementary, middle, and high schools across the state, especially in rural areas (i.e., professional development to expand entrepreneurship content knowledge).

## SUPPORT... *Addressing interconnected issues that may make starting or expanding a business difficult or challenging, such as lack of health insurance, broadband access, etc.*

- Address the health insurance coverage gap for our state's entrepreneurs and small-business owners and their employees and families.
- Ensure the state's Unemployment Insurance System provides jobless workers with adequate benefits for the standard length of time so that they maintain spending locally and stay connected to the labor market.
- Advance steps to the establish a short-term compensation (i.e., work-sharing, shared-work) program to help small-business employers, particularly in retail, food service, hospitality, and manufacturing industries, maintain connections with a trained workforce in an economic downturn.
- Leverage and coordinate federal and state funds to address broadband adoption and affordability rates, and fund technology access programs to ensure equitable access to service for low-to-moderate income small business owners.
- Advance research, development, and implementation of proven policy solutions that put economy-boosting strategies first by supporting the growth and development of small businesses (i.e., childcare solutions, career training and preparation opportunities, etc.)

## OPPORTUNITY...

*Addressing systemic challenges and disparities for underrepresented small business owners when starting, sustaining, or growing a business*

- Ensure inclusivity of the state's growing Latino population by providing bilingual/bicultural technical services (English/Spanish) across the entrepreneurial ecosystem network (e.g., SBCs, SBTDCs, CDFIs, etc.).
- Support the State Office for Historically Underutilized Businesses' (HUB Office) development of a robust and scaled buyer/contract diversity program for businesses owned by women and people of color.
- Appropriate \$1 million to expand the capacity, reach, and regional presence of the State Office for Historically Underutilized Businesses (HUB Office) to increase economic opportunities for historically underutilized businesses (HUBs) in the private sector as well as state government contracting and procurement to foster greater growth and profitability.

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